



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Third District

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Fifth District

September 12, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE

Economic Stimulus Package and Medicaid

As indicated in the previous Washington, D.C. update, Congressional Democratic leaders plan to pursue a second supplemental appropriations/economic stimulus package this month. The Senate Appropriations Committee, however, has not yet scheduled a mark-up of the supplemental appropriations package, which Committee Chairman Byrd (D-WVA) released before the summer recess, and the House Democratic leadership still is developing its supplemental appropriations/stimulus package.

The County's Washington, D.C. advocates are working with other state and local government representatives, health providers and advocates to support the inclusion of a temporary increase in Federal Medical Assistance Percentage (FMAP), the Federal Medicaid match rate, in the next stimulus package. Earlier this year, this office advised your Board that the County's Washington, D.C. advocates will pursue language which would increase California's FMAP for Medicaid and block or delay implementation of pending Medicaid regulations in an economic stimulus package or another legislative vehicle. The first supplemental appropriations/stimulus package, enacted in June 2008, included a moratorium on Medicaid regulations, but not an increase in the Medicaid FMAP. However, the previous stimulus package, which was enacted by Congress in 2003 (Public Law 108-27), included an estimated \$20 billion in fiscal relief for states,

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half of which was provided through a temporary increase in the Federal Medicaid match rate of 2.95 percentage points for five calendar quarters. Both the State of California and the County would benefit financially from an increase in Federal Medicaid matching funds.

Highway Trust Fund Solvency

On September 11, 2008, the House passed, 376 to 29, legislation (H.R. 6532), which would transfer \$8 billion from the General Fund to the Highway Trust Fund. The bill now goes to the President, who is expected to sign it into law. The Senate passed H.R. 6532 on September 10th after amending the previous House version to change its effective date from September 30, 2008 to the date of the bill's enactment. As reported in the previous Washington, D.C. update, the transfer of \$8 billion from the General Fund to the Highway Trust Fund is estimated to be sufficient to reimburse states for their projected highway project expenditures through the end of FFY 2009. Without the bill's enactment, the Department of Transportation would begin delaying reimbursement payments to states because it projects that, at the current spending rate, the Highway Trust Fund would have a zero balance by October 1, 2008.

We will continue to keep you advised.

WTF:GK
MAL:MT:ja

c: All Department Heads
Legislative Strategist